

Message Text

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PAGE 01 BRASIL 01735 051314Z
ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 COME-00 TRSE-00 AGRE-00 IO-13
L-03 H-01 CIAE-00 INR-07 NSAE-00 STR-04 /043 W
-----052114 042448 /73

R 051115Z NAR 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 385
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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EO 11652 NA
TAGS EAGR BR
SUBJECT: COFFEE: BRAZILIAN EXPORTERS

REF: STATE 43448

1. ON JANUARY 18, THE BRAZILIAN COFFEE INSTITUTE (IBC) REMOVED 43 FIRMS FROM THE COFFEE EXPORT REGISTER. THIS ACTION ENFORCED THE EXPORT ELIGIBILITY CRITERIA IBC HAD ANNOUNCED EARLIER: 1976 EXPORTS OF AT LEAST 20,000 BAGS AND A MINIMUM REGISTERED CAPITAL OF CR\$2MILLION. THE IBC ALSO ANNOUNCED THAT: (1) NEW FIRMS TO THE LIST WOULD NEED A MINIMUM CAPITAL OF CR\$44 MILLION; (2) ANOTHER CHECK OF THE REGISTER WOULD BE MADE ON JANUARY 15, 1978, REMOVING ALL FIRMS THAT EXPORT LESS THAN 50,000 BAGS IN CY 1977 OR HAVE A REGISTERED CAPITAL OF LESS THAN CR\$10 MILLION.

2. ACCORDING TO AN IBC OFFICIAL, THE 43 FIRMS INVOLVED ACCOUNTED FOR LESS THAN 0.5 PERCENT BY VOLUME OF 1976 BRAZILIAN COFFEE EXPORTS. AMONG THOSE REMOVED FROM THE REGISTER WERE COBEC AND INTERBRAS, TWO LARGE TRADING COMPANIES CONTROLLED BY THE BRAZILIAN GOVERNMENT.

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PAGE 02 BRASIL 01735 051314Z

3. THE ELIMINATION OF SMALLER EXPORTERS FROM THE BRAZILIAN COFFEE TRADE HAS BEEN A GOB GOAL FOR SEVERAL YEARS. TRADE SOURCES CITE TWO PRINCIPAL REASONS:

--FINANCIALLY WEAK FIRMS, OR FIRMS THAT DO NOT EXPORT LARGE QUANTITIES OF COFFEE ARE THOUGHT TO BE VULNERABLE TO BUYER

MANIPULATION OR MARKET DISRUPTIONS AND NOT ALWAYS ABLE TO GET THE BEST PRICE FOR THEIR COFFEE. THIS WEAKNESS UNDERMINES THE GOVERNMENT'S MARKETING POLICY.

--SMALL EXPORTERS ARE SOMETIMES ABLE TO GET MORE LOW COST FINANCING THAN THEY ARE ENTITLED HO BY INFLATING INVENTORIES OR REGISTERING EXPORTS THAT NEVER TAKE PLACE. BECAUSE OF THE RELATIVELY SMALL QUANTITIES OF COFFEE INVOLVED THE GOVERNMENT CANNOT MONITOR THESE OPERATIONS EFFICIENTLY.

4. COMMENT: THIS "STRENGTHENING OF THE STRUCTURE OF THE COFFEE TRADE" DOES NOT AFFECT BRAZIL'S ABILITY TO SHIP COFFEE SINCE THE IBC ACTION WAS ANTICIPATED AND THE SELECTED FIRMS WEE NOT ACCUMULATING COFFEE FOR EXPORT. IT COULD HAVE A PRICE EFFECT TO THE EXTENT THAT THE REMAINING FIRMS ARE NOW IN A STRONGER NEGOTIATING POSITION WITH FOREIGN BUYERS. THE GOB HAS NOT INFRE-QUENTLY RESORTED TO ACTIONS TO RESTRICT SMALL FIRMS IN SPECIFIC DOMESTIC (E.G., BANKING, INSURANCE) AND FOREIGN (E.G., CACEX'S EXPORTERS' REGISTRY) SECTORS, GENERALLY FOR REASONS (NOTABLY EFFICIENCY IN MONITORING THEIR ACTIVITIES) SIMILAR TO THOSE CITED IN THE PRESENT MOVE.

CRIMMINS

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: D770077-0028
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t197703108/aaaftbt.tel
Line Count: 88
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Litigation Codes:
Litigation History:
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Message ID: 9a1928ad-c288-dd11-92da-001cc4696bcc
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Secure: OPEN
Status: <DBA CORRECTED> srp 970902
Subject: COFFEE: BRAZILIAN EXPORTERS
TAGS: EAGR, BR
To: STATE
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9a1928ad-c288-dd11-92da-001cc4696bcc
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